

Written evidence submitted by Clean Up Gambling

Clean Up Gambling is a not-for-profit campaign established to reform Britain's gambling laws so that consumers are adequately protected and regulation is properly enforced. It has successfully lobbied for a wider review of the 2005 Gambling Act, and more recently has helped organise Football Index users in the pursuit of redress after regulatory failure led to its collapse. Those involved with Clean Up Gambling lobbied successfully for a reduction in the maximum stake on Fixed Odds Betting Terminals as the Campaign for Fairer Gambling. During some of this period Hugh Robertson, the minister responsible for gambling, granted Camelot a 3-year extension to the third license without requiring commensurate commitments from Camelot on donations to good causes. Following his stint in Parliament, Hugh Robertson was appointed Chair of Camelot.

During the third licence, The National Lottery has become increasingly associated with the wider UK gambling sector due to the rise of online instant win games. These games, which are more reminiscent of online casinos than your typical lottery draw, have allowed Camelot to increase their profits at the expense of both player safety and returns to good causes – all under the Gambling Commission's watch.

Scrutiny of the Gambling Commission's and Camelot's record has often focused on returns to good causes – reflected by the Public Accounts Committee's inquiry in 2018. This is understandable, given that the lottery was established to fund community projects and charities that the Conservative Government of 1994 could not or would not fund. But the Committee also highlighted how the fall in returns to good causes during the third licence was a result of Camelot's focus on scratch cards and instant win games.¹

The Gambling Commission has failed to act on Camelot's profiteering from addictive instant win games. Despite claiming that "through the competition process... we will retain strong enforcement powers and will use them if necessary", Camelot has been allowed to generate more than £1bn from online instant win games during the pandemic. These games have been described by experts and former staff as being "more associated with problem gambling" than typical lottery draw based games.²

The past eighteen months reflect a trend that has been consistent since the beginning of the third licence – Camelot reorientating The National Lottery towards online instant win games, which only give 10p out of every pound spent to good causes, compared to draw based games that give back three times that amount. This means that despite revenue from gross ticket sales increasing between 2010 and 2020 from GBP 5.5 billion to GBP 8 billion, the ratio contribution to good causes actually decreased over the same period from 28% in 2010 to 23% in 2020. Between 2010 and 2020, the total sales of scratch-cards and interactive instant win games increased relatively consistently from GBP 1.4 billion to GBP 3.4 billion, whilst draw-based sales – which carry significantly less risk to players and give back more to good causes – have been stagnant, fluctuating between GBP 4 billion and GBP 4.5 billion.

Camelot has attempted to blame stagnating sales and returns to good causes on the encroachment of society lotteries, despite The National Lottery accounting for more than 90% of the UK lottery market. In reality, the growth of society lotteries is a result of players falling out of love with The

¹ Westminster Forum - <https://cliftondavies.com/wp-content/uploads/2020/08/David-Clifton-Presentation-for-Westminster-Media-Forum-policy-conference-The-future-for-the-National-Lottery-26.08.20.pdf>

² <https://www.telegraph.co.uk/news/2021/07/18/lottery-made-1bn-addictive-online-games-lockdown/>

National Lottery and opting for other operators, who make the link between draw-based ticket purchases and local community good causes much stronger. As a Westminster Forum report highlighted, whilst 55% of society lottery players buy tickets to support good causes, just 15% of people who play The National Lottery share the same motivation.³

This damning statistic underlines the concerning direction The National Lottery is heading towards as we approach the fourth licence. Fewer people are playing The National Lottery (8.5 million to be exact) because Camelot have opted to focus on a smaller pool of players willing to spend larger amounts of money on online instant win games. These players aren't motivated by giving back to good causes but are much more likely to be driven by gambling addiction.

The Gambling Commission and Camelot will no doubt defend their record on player protection by pointing to how they raised the age limit to eighteen this year. However, Camelot is still allowed to exploit a loophole – underage players can still gamble up to £350 per week on online instant win games because any sixteen or seventeen year old who opened an online account prior to the change can still access their account. The Gambling Commission have not used their “strong enforcement powers” to stop this.

The National Lottery is facing an existential crisis as the Fourth National Lottery Licence Competition progresses. Now more than ever, we need a robust public debate about the role of The National Lottery in British society. Instead, The Gambling Commission has gagged other bidders from explaining what they would do differently by implementing a harsh communications protocol. I suspect this may be because any scrutiny of Camelot's record will reflect badly on the Gambling Commission's performance as a regulator: after all, The National Lottery's turn to what Ian Duncan Smith MP has called a “National Casino” happened under their watch.

³ Westminster Forum - <https://cliftondavies.com/wp-content/uploads/2020/08/David-Clifton-Presentation-for-Westminster-Media-Forum-policy-conference-The-future-for-the-National-Lottery-26.08.20.pdf>